

## Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 ARAE-00 SSO-00 NSCE-00 INRE-00

USIE-00 DODE-00 ACDA-10 CIAE-00 INR-07 IO-10 L-03

NSAE-00 NSC-05 EB-07 OES-05 FEAE-00 H-02 PM-03 SP-02

SS-15 PA-02 PRS-01 /095 W

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O P 061215Z JUN 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 9617

INFO AMEMBASSY BONN IMMEDIATE

AMEMBASSY BUENOS AIRES PRIORITY

US MISSION IAAA VIENNA PRIORITY 0078

US MISSION EC BRUSSELS PRIORITY 0099

ERDA GERMANTOWN PRIORITY

NRC BETHESDA PRIORITY

AMCONSUL RIO DE JANEIRO PRIORITY

AMCONSUL SAO PAULO PRIORITY

UNCLAS SECTION 1 OF 2 BRASILIA 4494

E.O. 11652: N/A

TAGS: ENRG, TECH, PARM, GW, BR

SUBJECT: BRAZIL/FRG NUCLEAR ACCORD

REF: BRASILIA 4414

1. SUMMARY - MAIN POINTS IN THE JUNE 5 PRESS COVERAGE OF THE BRAZILIAN/GERMAN NUCLEAR ACCORD INCLUDE: A) AN ADMISSION THAT BRAZIL'S POLICY IS TO ACQUIRE THE CAPABILITY TO PRODUCE THE FULL RANGE OF NUCLEAREQUIPMENT, B) VIEWS ON WHETHER THE USG'S MAIN CONCERN OVER THE ACCORD IS PROLIFERATION OR COMMERCIAL, C) THE NYT STORY REVEALING THE THREE-WAY TREATY (INCLUDING IAEA), D) DEPT AND BONN COMMENTS ON THE US MISSION TO BONN SEEKING MORE RESTRICTIONS AND E) THE COMMENTS OF FONMIN SILVEIRA AND OF AN IMPORTANT OPPOSITION SENATOR. END SUMMARY.

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2. THE PRINCIPAL NEW ELEMENT IN THE JUNE 5 PRESS COVERAGE

IN THE JUNE 5 PRESS COVERAGE OF THE BRAZILIAN/

GERMAN NUCLEAR ACCORD WAS O ESTADO DE SAO PAULO'S STORY FROM RIO THAT A RELIABLE OFFICIAL OF THE NUCLEAR ENERGY SECTOR SAID THAT:

-- "BRAZIL'S CURRENT NUCLEAR POLICY HAS AS ITS OBJECTIVE THE CONSTRUCTION OF ATOMIC REACTORS AND SUFFICIENT EQUIPMENT NECESSARY FOR THE EXECUTION OF ITS ATOMIC PROGRAM, AND NOT SIMPLY THE PURCHASE OF SUCH PRODUCTS ABROAD."

-- "THIS PROGRAM, ON SEVERAL OCCASIONS, WAS ANNOUNCED BY VARIOUS AUTHORITIES BUT, ACCORDING TO THE INFORMANT, WAS NOT CLEARLY UNDERSTOOD NOR BELIEVED TO BE A CONCRETE POSSIBILITY IN THE SHORT RUN."

-- "THE GOVERNMENT PROPOSES TO APPLY THIS NEW POLICY IN RELATION TO TWO NEW UNITS TO BE INSTALLED IN ANGRA DOS REIS -- ANGRA II AND III - WHICH COULD BE PARTIALLY FABRICATED IN THE COUNTRY. THE TIME NECESSARY TO CARRY OUT CIVIL WORKS AND TO CONSTRUCT TWO UNITS WOULD PERMIT THE PARALLEL CONSTRUCTION OF A FABRICATING COMPLEX. THIS, HOWEVER, WILL DEPEND ON A SERIES OF FACTORS, AND, CURRENTLY, IT IS ONLY AN INTENTION."

-- "BEGINNING WITH THESE TWO UNITS, (BRAZIL) WILL HAVE BEEN ABSORBING THE NECESSARY 'KNOW-HOW' AND COMPLETING THE FABRICATING COMPLEX WHICH WILL PERMIT THE CONSTRUCTION OF MORE UNITS UNDER THE PROGRAM, IMPORTING ONLY THE SECTIONS WHICH THE FABRICATING COMPLEX CANNOT PRODUCE. INITIALLY, THE TECHNOLOGY WILL BE FOREIGN, BUT, LITTLE-BY-LITTLE, IT WILL BE ABSORBED UNTIL THE COUNTRY REACHES THE STAGE NOT ONLY OF FABRICATION BUT ALSO OF DEVELOPING REACTORS AND OTHER NUCLEAR EQUIPMENT. IT WOULD BE A DEVELOPMENT IN STAGES AS, FOR INSTANCE, IN THE AUTOMOBILE OR SHIPBUILDING INDUSTRIES, BUT IS A SHORTER TIME FRAME THAN WOULD NORMALLY BE NECESSARY".

3. ALL NEWSPAPERS DISCUSSED WHETHER THE USG'S MAIN CONCERN IS THE PROLIFERATION OF NUCLEAR ARMS OF THE 'LOSS OF US HEGEMONY AS THE PRINCIPAL WORLD EXPORTER OF NUCLEAR TECHNOLOGY'. BOTH MAJOR NEWSPAPERS, O ESTADO AND RIO'S JORNAL DO BRASIL HIT THIS THEME AND REPRINTED THE TEXT OF JAMES RESTON'S NYT COLUMN DEALING WITH THIS ISSUE. O ESTADO REPORTED THAT SOME BRAZILIAN SPECIALISTS BELIEVE THAT WESTINGHOUSE "FELT UNCLASSIFIED

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THAT IT LOST AN EXCELLENT MARKET AND MANAGED TO TAKE ITS VIEW TO THE US SENATE". IN ADDITION, ACCORDING TO O ESTADO, THESE SOURCES FELT THE ACCORD 'WOULD REPRESENT ONE MORE INDICATION THAT US TECHNOLOGY IS BEGINNING TO BE QUESTIONED (VARIOUS REACTORS OF WESTINGHOUSE AND ITS COMPETITOR GENERAL ELECTRIC ARE INACTIVATED BECAUSE THEY PRESENTED SERIOUS PROBLEMS)'. O ESTADO SAID THAT OTHER OBSERVERS HOLD THE VIEW THAT, "BY MANIFESTING ITS CONCERN OVER THE POSSIBILITY THAT BRAZIL

WOULD FABRICATE AN ATOMIC BOMB, THE US IS SIMPLY TRYING TO AROUSE THE INTEREST OF ALL OTHER LA COUNTRIES, IN ORDER TO OPEN NEW MARKETS TO COMPENSATE FOR ITS LOST CLIENT. WITHOUT SPEAKING OF ARGENTINA, COUNTRIES SUCH AS VENEZUELA, COLOMBIA, AND PERU ARE ALREADY TOYING WITH THE IDEA OF NUCLEAR PLANTS."

4. O ESTADO REPORTED THAT, "THE NYT REVEALED IN ITS JUNE 4 EDITION THAT THE USG MANAGED TO CONVINCE BRAZIL AND WEST GERMANY TO SIGN A SPECIAL TREATY, ACCORDING TO WHICH BRAZIL WOULD PLEDGE TO UTILIZE NUCLEAR EQUIPMENT WHICH IS BEING ACQUIRED FROM THE GERMANS EXCLUSIVELY FOR PEACEFUL PURPOSES. THE TREATY, WHICH WOULD INCLUDE THE IAEA AS A THIRD SIGNATARY, IS EXPECTED TO BE CONCLUDED BEFORE THE SALE OF 'THE COMPLETE NUCLEAR FUEL CYCLE' TO BRAZIL. O ESTADO ADDED THAT THIS INFORMATION WAS CONFIRMED IN DIPLOMATIC CIRCLES IN BRASILIA, DESPITE ASSURANCES ON NUCLEAR WEAPONS, THE ACCORD WOULD NOT BLOCK BRAZIL FROM CARRYING OUT NUCLEAR EXPLOSIONS FOR PEACEFUL PURPOSES, ACCORDING TO AN O ESTADO REPORT OF COMMENTS BY AN UNNAMED GERMAN OFFICIAL. THAT OFFICIAL ADDED THAT "THE SAFEGUARDS INCLUDED IN THE PROJECTED PACT, TO AVOID THE PROLIFERATION OF NUCLEAR ARMS WITH OUR TECHNOLOGY, ARE MORE STRICT THAN THOSE INCLUDED IN THE NON-PROLIFERATION TREATY".

5. O ESTADO REPORTED THAT DEPT. SPOKESMAN ANDERSON "ADMITTED THAT THE US SENT, IN APRIL, A SPECIAL MISSION TO BONN TO DISCUSS THE PROJECTED NUCLEAR ACCORD WITH BRAZIL. HE DENIED, HOWEVER, THAT THE MISSION HAD AS ITS PRINCIPAL OBJECTIVE AN ATTEMPT TO ABORT THE ACCORD". O ESTADO REPORTED THAT IN BONN, "GERMAN SOURCES ALSO CONFIRMED THAT, BEFORE THE NEGOTIATION OF THE ACCORD, THERE WERE CONSULTATIONS BETWEEN THE US AND GERMANY ABOUT NEGOTIATING A SERIES OF CLAUSES TO GUARANTEE THE PEACEFUL USE OF NUCLEAR ENERGY."

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NSAE-00 NSC-05 EB-07 OES-05 FEAE-00 H-02 PM-03 SP-02

SS-15 PA-02 PRS-01 /095 W

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O P 061220Z JUN 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 9618

INFO AMEMBASSY BONN IMMEDIATE

AMEMBASSY BUENOS AIRES PRIORITY

US MISSION IAEA VIENNA PRIORITY 0079

US MISSION EC BRUSSELS PRIORITY 0100

ERDA GERMANTOWN PRIORITY

NRC BETHESDA PRIORITY

AMCONSUL RIO DE JANEIRO PRIORITY

AMCONSUL SAO PAULO PRIORITY

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ACCORDING TO O ESTADO, HOWEVER, THESE SOURCES  
"ADMITTED" THAT SOME DIFFERENCES BETWEEN THE TWO  
GOVERNMENTS HAD EMERGED", ESPECIALLY ON TWO COUNTS:  
-- 1) THE INCLUSION OF MORE RESTRICTIVE MEASURES  
IN THE ACCORD; GERMAN REFUSED TO INCLUDE THESE UNLESS  
THEY WERE INCLUDED BY ALL NUCLEAR PRODUCTS OR TECH-  
NOLOGY SUPPLIERS IN THEIR CONTRACTS, WHICH HAS NOT  
BEEN THE CASE.

--2) ALTHOUGH THE DEAL WOULD BENEFIT GERMAN EXPORTS,  
GERMANY BELIEVED THAT THE EFFECT OF THE ACCORD WOULD  
CONTRIBUTE TO STABILIZATION IN LATIN AMERICA, WHICH IS  
IN THE US'S INTEREST.

6. RIO'S O JORNAL DO BRASIL REPORTED THAT FONMIN  
SILVEIRA SAID LAST NIGHT THAT THE US REACTION "WAS  
EXPECTED, BUT BRAZIL DOES NOT FEAR IT, FOR IT HAS  
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NOTHING TO HIDE WITH RESPECT TO WHAT WILL BE DONE".  
THAT PAPER ALSO REPORTED THAT FONMIN SILVEIRA MIGHT  
BE INVITED TO APPEAR BEFORE THE BRAZILIAN SENATE  
COMMITTEE ON FOREIGN RELATIONS.

7. THE ONLY IMPORTANT SENATOR TO SPEAK OUT ON THE  
ISSUE, PAULO BROSSARD, (MDB RIO GRANDE DO SUL), IS  
QUOTED BY O ESTADO AND O JORNAL AS SAYING THAT  
SENATOR PASTORE'S REMARKS "CAN BE CONSIDERED AS AN

ABUSIVE INTERFERENCE IN SUBJECTS OF CONCERN ONLY TO  
BRAZIL, AND REPRESENTING A REVERSION "TO THE TIME  
OF THE 'BIG STICK'. BUT, ACCORDING TO ESTADO,  
BROSSARD "STILL SAW A POSITIVE POINT IN ALL THIS:  
'WHEN CERTAIN INTERNAL GROUPS PLAN TO DISPENSE WITH  
THE PEOPLE IN DECISIONS ABOUT NATIONAL PROBLEMS,  
FOREIGNERS DO NOT FAIL TO JUDGE BRAZIL INCAPABLE OF  
GUIDING ITS COURSE IN THE INTERNATIONAL PLANE.  
HEED THE LESSON\*'"

8. O JORNAL NOTED THAT AMBASSADOR CRIMMINS REFUSED TO  
COMMENT ON THE ISSUE AT AN ITAMARATY DINNER ON JUNE 4.  
CRIMMINS

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, NUCLEAR AGREEMENTS, GOVERNMENT REACTIONS  
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**Copy:** SINGLE  
**Draft Date:** 06 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
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**Reference:** 75 BRASILIA 4414  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 28 FEB 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <28 FEB 2003 by PhilliR0>; APPROVED <02 FEB 2004 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** BRAZIL/FRG NUCLEAR ACCORD  
**TAGS:** ENRG, TECH, PARM, GE, BR, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006